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No. 94-1075

IN THE SUPREME COURT OF THE UNITED STATES

October Term, 1994

BRUNSWICK CORPORATION,
Petitioner,

v.

BRITISH SEAGULL LIMITED
and OUTBOARD MARINE CORPORATION,
Respondents.

On Petition For Writ of Certiorari
To The United States Court of Appeals
For the Federal Circuit

BRIEF IN OPPOSITION

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QUESTION PRESENTED

The question presented by the Petition erroneously assumes that the Trademark Trial and Appeal Board applied a more expansive "functionality" test to Petitioner's application for a color trademark than is applied to other types of federal trademark applications. As appears hereafter, respondent submits that the functionality test(s) applied by the Trademark Trial and Appeal Board, as affirmed by the Federal Circuit, is in accord with Inwood Laboratories v. Ives Laboratories, 456 U.S. 844 (1982).

In addition, the question presented by the Petition also raises (Rule 14.1(a)) the subsidiary question of the admissibility of the evidence which has been objected to by Respondents and which has been offered by Petitioner

through Mr. DuCoty with respect to market share and with respect to Respondent OMC's unit volume over 75 years, and through Mr. Piper with respect to sales unit volume and advertising expense. This subsidiary issue would be moot in the event of the denial of the Petition.

Respondents' only other comment with respect to the question presented by the Petition is that Respondents believe the Petition is frivolous in view of Petitioner's reliance on Inwood v. Ives, (supra).

STATEMENT PURSUANT TO RULE 29.1

Neither British Seagull Corporation, nor Outboard Marine Corporation, has parent or subsidiary companies, defining "subsidiary" as greater than 50% ownership (and excluding wholly owned subsidiaries).

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OPINIONS BELOW

JURISDICTION

STATUTORY PROVISIONS INVOLVED

Respondents have no comment on the above three sections of the Petition.

STATEMENT OF THE CASE

The Statement of the Case in the Petition is noteworthy for two reasons:

1) The absence of a fair characterization of the record, i.e. misstatements of facts (Rule 15.1) and

2) Petitioner's reliance on evidence as factual matters in the record, which evidence is the subject of objections which were made and which were not

ruled upon because consideration of such evidence was not prejudicial to Respondents (A000048).

With respect to the absence of a fair characterization of the record, and contrary to the narrow assertion (referring to the absence of testing and survey evidence) at the bottom of page 13 of the Petition, Respondents (Opposers) have presented substantial evidence which supports the findings of the Trademark Trial and Appeal Board (hereinafter TTAB) that (a) color compatibility and perceived size reduction are functional features of the color black, and that (b) the non-availability to competitors (incident to registration) of the color black, including the inherently functional features thereof, would hinder effective competition.

The TTAB noted that there was considerable evidence supporting Respondents' position (A000035)*. "The facts supporting our reasoning are not seriously disputed" (A000034). The Federal Circuit "..discern(ed) no error in the Board's legal reasoning and no clear error in its factual findings" (A000013; A000023).

Specifically, as to the color compatibility of black as an ingredient of a successful marketing program, Respondents offered unrefuted testimony from industry executives and color experts that black outboard motors can be attached to (matched with) boats of any color without risk of clashing with the boat

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* Numbers in parenthesis (A000000) refer herein and hereafter to the Appendix filed with the Petition.

color because black never clashes with any other color (A000035).

Respondents offered unrefuted evidence as to perceived size reduction by an industry executive (Feurig p. 95 [A002474]*) and by a color expert (Welker p. 82 [A002944]). Furthermore, unrefuted evidence was also offered that boat manufacturers want outboard motors to look smaller so as to be less obtrusive on their boats (A000036). Petitioner's predecessor's former Vice President testified that the reason that the color black was selected by Petitioner's predecessor was the tendency of black to make objects appear to be smaller. (Strang deposition, p. 5 - 6 [A002344 - 002345]).

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* Numbers in brackets [A00000] refer herein and hereafter to the Appendix filed with the Federal Circuit.

Furthermore, the Petition is silent as to the revolution which is taking place in the marketing of outboard motors. In the past, outboard motors were sold to a wide array of dealers. However, during the late 80's and early 90's, the market was and is moving to large sales of outboard motors to a relatively small number of boat manufacturers and a major retailer who package boats and motors (and trailers) for sale to dealers and to the public (Opp. Confidential Ex. 356, Bates p. 700575, 700646 [A006911 - 006950]; Feurig p. 7 - 8 [A002377 - 002378]). Such boat manufacturers and the major retailer desire black outboard motors to ensure color compatibility with their boats and to reduce the perceived size of the outboard motor so as thereby to maximize emphasis on the boat as a necessary

ingredient to the success of their marketing plans (A000035).

Specifically, Tracker, one of the largest boat manufacturers in the country, demanded black outboard motors for use in its packaged sales of boat and motor combinations (Feurig Ex. 1, p. 28 [A011503 - 011538]; Feurig p. 44 - 45 [A002414 - 002415]). Sears, one of America's major retailers, sells GAMEFISHER brand outboard motors which are black (and which are, at least in part, manufactured by Petitioner) to obtain color compatibility with the colors of its various boats (Burkhardt 11/20/91, p. 196 - 198 and 250 [A002686 - 002688 and A002471]).

As a consequence, Respondents clearly established that, in the unfolding 90's, in order to effectively compete, it is necessary that all outboard motor

manufacturers be able to offer for sale black outboard motors that utilize the dual functional features of color compatibility and perceived size reduction which are being demanded by boat manufacturers and the major retailer. To create, incident to registration of the color black, a monopoly in perpetuity with respect to the color black, and the functional attributes thereof, will impair the ability of all others in the industry to effectively compete.

Further in regard to competitive need, the record also establishes that there are at least fifteen (15) brands of outboard motors, sold by at least eleven (11) manufacturers, most of which outboard motors are painted black or dark colors. Black is one of only five basic colors, and the testimony below is that the "extreme" colors, i.e., pink, red, orange,

etc., are not in use (Hoover p. 17, 21 [A004647, A004651]). Such painting of outboard motors by their manufacturers clearly also indicates that there is competitive need for black outboard motors in the marketplace.

Specifically, the following manufacturers produce black, or primarily black, or darkly colored outboard motors under the indicated brand names:

Manufacturer	Brand Name
Eska	GAMEFISHER
Tanaka	GAMEFISHER
Brunswick	MERCURY* FORCE* GAMEFISHER*
Seagull	SEAGULL
Outboard Marine	JOHNSON TRACKER* EVINRUDE TRACKER EVINRUDE* JOHNSON GT

(Representative physical samples of the outboard motors identified above by

asterisks were marked as exhibits and displayed before both the TTAB and Federal Circuit during oral argument.)

The GAMEFISHER, MERCURY, JOHNSON TRACKER, and EVINRUDE TRACKER outboard motors are black. The FORCE outboard motor is not readily distinguishable from black. (The use of the color black by the FORCE and GAMEFISHER brands, in competition with the MERCURY brand, is in direct conflict with and in derogation of Petitioner's claim to exclusive use (distinctiveness) of the color black as a trademark (A000057)). The SEAGULL outboard motor is primarily black. The EVINRUDE outboard motor is a very dark blue which is nearly indistinguishable from black. Petitioner was unable, during the trial period, to determine whether the color of the JOHNSON GT outboard motor was within the scope of

the black sought to be registered [A003426 - 003438].

Thus, the use by various competing brands of black, primarily black, and dark colors barely distinguishable from black, constitutes additional ample evidence in the record to support the TTAB's finding of competitive need.

The proceedings before the TTAB were fact driven and the TTAB specifically noted that "The facts supporting our reasoning are not seriously disputed" (A000034).

Thus, while Petitioner is correct in the assertion, at the bottom of page 13 of the Petition, that the record does not include evidence with respect to a test or survey with respect to competitive need, there is, as indicated above, ample other persuasive evidence in

the record. The TTAB rejected Petitioner's contention, and noted that Respondents (Opposers) were under no obligation to conduct tests or surveys (A000051).

The statement (at the end of the last full paragraph on page 11 of the Petition) asserting the indisputability of the focus of Mercury's advertisements on "all black" color is incomprehensible in view of the TTAB's specific finding that Petitioner did not effectively image advertise the color black so as to create secondary meaning for black as a trademark (A000055 - 000056).

Contrary to the allegation (at the top of page 13 of the Petition) that the color black "had acquired secondary meaning", the TTAB specifically held, after consideration of at least five factors, that Petitioner had failed to

establish secondary meaning (A000056 - 000061). With respect to the comment on page 13 of the Petition concerning the failure of the Federal Circuit decision to substantially address the issue of secondary meaning (which issue was extensively addressed by the TTAB), no consideration was necessary as the Federal Circuit decision with respect to competitive need rendered moot the issue of secondary meaning, i.e., competitive need precludes registration regardless of the presence or absence of secondary meaning (A000026 - 000027).

The reference (at the bottom of page 12 of the Petition) to two surveys is without merit. One survey is of "record", i.e., part of the ex parte application proceeding, but was never offered or entered into evidence during the inter partes opposition proceeding. As such,

its contents are irrelevant (A000056 - 000061). The other survey is among the evidence to which objections were made. The TTAB concluded that this survey did not establish secondary meaning in the color black, without specifically ruling on the objections made by Respondents (Opposers)(A000052). Most importantly, these surveys are irrelevant to the question of competitive need and solely relate to the issue of secondary meaning, which issue is not before this Court.

The statement beginning at the bottom of page 11 of the Petition is misleading as Petitioner did not initially consider itself entitled to registration of the color black alone. Specifically, Petitioner initially applied for registration of the color black in combination with four specific outboard motor configurations. It was the Examiner

who suggested that the application should be amended to refer solely to the color black.

The Petitioner relies on evidence as to which objection has been made. In the event this Court favorably considers Respondents' (Opposers') objections, the statements (p. 11 and 12 of the Petition) as to the volume of both advertising and sales and the allegations as to Respondent OMC's market share and unit volume over 75 years are without support in the record. Both at the trial level (A000048) and at the appellate level (A000027 - 000028), the decisions did not rule on Respondents' objections only because, on the merits, the decisions were not prejudicial to Respondents.

Furthermore, the TTAB stated that in arriving at its findings, it had

carefully considered all of the offered evidence (A000033 - 000034, A000048).

REASONS FOR DENYING THE WRIT

I. NON-COMPLIANCE WITH RULE 10.1

The Petition does not demonstrate that this case involves "special and important reasons" and that "an important question of federal law" is involved.

Supreme Court Rule 10.1 states, in part, that:

> "A review on writ of certiorari is not a matter of right, but of judicial discretion. A petition for a writ of certiorari will be granted only when there are special and important reasons therefore...."

> "(c) When a state court or a United States court of appeals has decided an important question of federal law which has not been, but should be, settled by this Court..."

The Petition has not alleged any "special and important reasons" for exercise of this Court's discretion to grant certiorari and has not qualified the Petition as involving "an important question of federal law". Specifically, Petitioner's concern for an erroneously perceived "second class" status with respect to color marks (page 17 of the Petition) does not constitute either a "special and important reason" or "an important question of federal law".

The Petition attempts, in reality, to overturn findings of fact which are clearly supported by evidence in

the trial record, i.e., findings of de jure functionality and competitive need. These findings turn on the specific evidence in this case, to which findings the Federal Circuit deferred (A000009). It is particularly noteworthy that Petitioner relies on Inwood Laboratories v. Ives Laboratories, 456 U.S. 844, 855 (1982) wherein the Court held:

> "In reviewing the factual findings of the District Court, the Court of Appeals was bound by the 'clearly erroneous' standard of Rule 52(a), Federal Rules of Civil Procedure. Pullman-Standard v. Swint, ante, p. 273. That Rule recognizes and rests upon the unique opportunity afforded the trial court judge to evaluate the credibility of witnesses and to weigh the evidence. Zenith Radio Corp. v. Hazeltine Research, Inc., 395 U. S. 100, 123 (1969). Because of the deference due the trial judge, unless an appellate court is left with the 'definite and firm conviction that a mistake has been committed,' United States v. United States Gypsum Co., 333 U. S. 264, 295 (1948) it must

> accept the trial court's findings."

As there is no showing of "special and important reasons" and as "an important question of federal law" is not involved, it is respectfully requested that the Petition be dismissed.

The Petition should also be denied for at least the following more specific reasons:

1. The TTAB fully considered and correctly decided the issues (infra, pages 21 - 31).

2. The Petition disputes the evidence and factual findings to which reviewing courts must defer unless clearly erroneous (supra, pages 3 - 16 and 28 - 31).

3. The TTAB's decision, as affirmed by the Federal Circuit is not in conflict with the authority cited by Petitioner (Inwood v. Ives) (infra, pages 21 - 27).

II. THE DECISIONS BELOW ARE NOT IN CONFLICT WITH INWOOD V. IVES

Contrary to the allegation at the top of page 17 of the Petition, the TTAB's "'functionality' conclusion" is not clearly in error, but is amply supported by the evidence referred to herein beginning at page 3.

It is indisputable that granting trademark registration on a color conveys a renewable, and therefore perpetual, monopoly on that color and on any function(s) which that color inherently provides.

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, (1964) stands for the proposition that maintenance of free and unhindered competition (except when patents and "palming off" are involved, neither of which is present herein) is the

basic business law of the land. Use by competitors of the functional features of a product in furtherance of free and unhindered competition is authorized by law and is to be encouraged for the benefit of the public. "Reproduction of a functional attribute is a legitimate competitive activity." Inwood v. Ives (supra, p. 863). Competitive need arises when a feature is functional, i.e., is needed by competitors, i.e., is "essential to effective competition." Ives Laboratories, Inc. v. Darby Drug Co., 601 F.2d 631, 643 (2d Cir. 1979). It is the effect upon competition, supported by the extensive factual record below in this case, which establishes competitive need and, thus, functionability. In Re Morton-Norwich Products, Inc., 671 F.2d 1332, 1341 (CCPA 1982).

The general test referred to in footnote #10 in Inwood v. Ives (supra, p. 850) has been factually satisfied in this case, i.e., free competition in the marketing of outboard motors is dependent on the color compatibility utility and the perceived size reduction utility of the color black, which features are not available with use of other colors. In effect, the TTAB held below, and the Federal Circuit affirmed, that use of the color black is essential to the use (sale) of outboard motors because without the color compatibility utility and the perceived size reduction utility of black (only available from black), competition by competitors would be hindered (A000012 - 000013; A000022).

Even more significantly, Inwood v. Ives requires, yes, even demands, denial or dismissal of the Petition.

Specifically, on the merits, in Inwood v. Ives, this Court did not reverse, but, indeed, approved, the decision below of the District Court that use of a color (blue) on one drug capsule, and use of a color combination (red-blue) on another drug capsule was de jure functional (without using this term). The following features were confirmed as (de jure) functional by this Court (supra, p. 853) when this Court held:

> In reaching its conclusion, the (district) court found that the blue and blue-red colors were functional to patients as well as to doctors and hospitals: many elderly patients associate color with therapeutic effect; some patients commingle medications in a container and rely on color to differentiate one from another; colors are of some, if limited, help in identifying drugs in emergency situations; and use of the same color for brand name drugs and their generic equivalents helps avoid confusion on the part of those responsible for dispensing drugs. *Id.*, at 399. In addition, because Ives had failed to show that the colors indicated the drug's origin,

> the court found that the colors had not acquired a secondary meaning. *Id.*, at 399. (insert supplied)

These de jure functions are not unlike the color compatibility and perceived size reduction de jure functions in this case.

This Court noted, in Inwood v. Ives (supra, p. 853) that the District Court found that "Ives failed to establish its claim based upon §43(a)", and also held "because Ives had failed to show that the colors indicated the drug's origin ... the colors had not acquired secondary meaning." (supra, p. 853). Similarly, in the case at bar, the TTAB also held that Petitioner had failed to establish secondary meaning (A000056).

Thus, in reality, Petitioner is attempting to improperly set aside factual findings of the TTAB, which findings are clearly supported in the voluminous trial

record, and to drive a linguistic wedge between "competitive need" and "essential to the use or purpose of an article". In this case, that which hinders free and unhindered competition (by monopolizing functional features not otherwise available) is essential to the (effective) use (sale) of outboard motors, because purchasing boat manufacturers and at least one major retailer want these features, and therefore, without such features, free and unhindered competition is necessarily restrained. Thus, this case does not constitute a departure from Inwood v. Ives.

Inwood v. Ives does not support grant of the Petition, but instead, clearly indicates that the decisions below were correct because Inwood v. Ives affirmed de jure functionality (without using that term) and because factual

findings at the trial level must be respected and can only be put aside if clearly in error. The Petition contains no showing of clear error. Contrary to Petitioner's assumption (assertion) that the TTAB applied a "functionality" test more expansively to the Petitioner's application for a color trademark than to other types of federal trademarks, the decision below is in full accord with Inwood v. Ives. Accordingly, Inwood v. Ives clearly calls for denial or dismissal of the Petition. In addition, the dual holding in Inwood v. Ives affirming de jure functionality and requiring that factual findings at the trial level not be disturbed, makes this Petition, based on Inwood v. Ives, frivolous.

III. THE DECISIONS BELOW ARE NOT CLEARLY ERRONEOUS

The comment with respect to competitive need (near the bottom of page 16 of the Petition) represents Petitioner's view of the facts, not that of the TTAB, and totally disregards the movement of the market to boat manufacturers (supra, pages 6 - 8).

With respect to the contention, at page 18 of the Petition, that the TTAB failed to cite the record for specific evidence to support its factual findings, there is no rule of law which requires a trial court to cross reference the record when making findings of fact. The only requirement is that the findings be supported in the evidence. In this case, the findings are clearly supported in the record.

With respect to the evaluation of "credible evidence" made at the middle of page 18 of the Petition, such evaluation is that of Petitioner and not that of the TTAB.

The statement in the Petition, at page 18, that there "was no evidence in the record suggesting Mercury's 'all black' mark is essential for 'effective' competition" is Petitioner's reading of the evidence, and not that of the TTAB. The record clearly supports both the finding of competitive need by the TTAB and the decision of the TTAB, which decision was affirmed by the Federal Circuit (A000022).

In the Petition, at page 13, in the section entitled "PROCEEDINGS BELOW', a portion of the decision of the TTAB is quoted, which portion is only a part of a full paragraph, is taken out of context,

and therefore is misleading. The full paragraph of the decision of the TTAB is set out hereinafter, with omitted portions underlined.

> Opposers pleaded and argued that the color black cannot function as a source indicator for applicant's goods to distinguish them from others because other manufacturers of these kinds of products have used black and other dark colors and have a competitive need to color their goods black. There is considerable evidence offered to support opposers' argument that although the color black is not functional in the sense that it makes these engines work better, or that it makes them easier or less expensive to manufacture, black is more desirable from the perspective of prospective purchasers because it is color compatible with a wider variety of boat colors and because objects colored black appear smaller than they do when they are painted other lighter or brighter colors. The evidence shows that people who buy outboard motors for boats like the colors of the motors to be harmonious with the colors of their vessels, and that they also find it desirable under some circumstances to reduce the perception of the size of the motors in proportion to the boats (A000034 - 000035).

Thus, although the TTAB admittedly did not find that the color black made the outboard engine work better or is easier or less expensive to manufacture (which was never contended by either side), the TTAB did make specific factual findings of functionality, which findings are not in the conflict with the finding in Inwood v. Ives.

The Petition should therefore be denied.

IV. CONSOLIDATION WITH QUALITEX

The question presented in the Petition does not bear on the basic issue of the registrability of color, which is the only question accepted by this Court in Qualitex v. Jacobson Products Co., Inc., 63 U.S.L.W. 3255 (Sept. 26, 1994). The question raised herein refers to the issue of preclusion of registrability because of competitive need and functionality, which issue is entirely separate and apart from the basic issue of the registrability of color. Accordingly, Respondents respectively submit that there is no reason for consolidation with Qualitex.

CONCLUSION

Petitioner has failed to demonstrate the presence of any "special and important reasons" and any "important question of federal law" which qualifies this case for a writ of certiorari. Petitioner merely seeks to overturn factual findings clearly supported by the evidence by asserting linguistic differences of no import between the precedent of this Court (Inwood v. Ives) and the reasoning of the decisions below. Petitioner's allegation of conflict with the precedent of Inwood v. Ives is totally erroneous and frivolous. Accordingly, Respondents respectfully request that the Petition be dismissed.

In addition, Respondents respectfully request an award of damages (attorney's fees), interest, and double

costs in view of the frivolous character of the Petition (Rules 42.2, and 28 U.S.C. §1912).

Dated: January 13, 1995

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that three copies of the foregoing **BRIEF IN OPPOSITION** were served via First Class Mail, postage prepaid on this 16th day of January 1995 on the below listed counsel:

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Sworn before me this 16th day of January, 1995.

Notary Public, State of Wisconsin

My commission expires: 9-7-97